

This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT NO. 2434.

LISTED FEBRUARY 2, 1970.

1,050,000 Shares without nominal or par value of which 50,000 shares are subject to issuance.

Stock Symbol "DWD".

Post Section 10.

Dial Quotation No. 2354.

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

DAWSON DEVELOPMENTS LIMITED

Incorporated under the Laws of the Province of British Columbia by

Memorandum of Association on November 19, 1964.

CAPITALIZATION AS AT DECEMBER 31, 1969

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Shares without nominal or par value	3,000,000	1,000,000	1,050,000*
*of which 50,000 are subject to issuance.			
FUNDED DEBT			
Agreements for Sale			\$2,352,082
Mortgages			2,643,782
			<u>\$4,995,864</u>

December 31, 1969

1. APPLICATION

DAWSON DEVELOPMENTS LIMITED (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 1,050,000 shares without par value in the capital stock of the Company, of which 1,000,000 have been issued and are outstanding as fully paid and non-assessable. The remaining 50,000 shares included in this application have been reserved for a stock option plan under which options for 36,000 shares have been granted as follows:

Stock Options	Directors and Officers	Other Employees
Expiring December 31, 1973, at \$5.00	7,500 shares	3,500 shares
Expiring September 4, 1974, at \$7.00	11,000 shares	14,000 shares
	<u>18,500 shares</u>	<u>17,500 shares</u>

2. HISTORY

The Company was incorporated in 1964 under the laws of the Province of British Columbia to carry out building projects in the real estate market.

3. NATURE OF BUSINESS

The Company's business is the development and completion of a variety of construction projects primarily in the residential sector of the real estate market. Since 1964 the Company has completed more than \$38,000,000 of real estate development of which approximately \$16,000,000 was completed during the last 12 months.

The Company operates five divisions: land development, condominiums, income properties, public housing, and resource industry communities. The first four divisions have as their primary area of operations the densely populated areas of Western Canada and Northwestern United States, particularly the metropolitan centers of Vancouver and Calgary. In the more remote areas of Canada, such as Northern British Columbia, Northern Alberta, and the Yukon, the Company develops communities for the resource industry.

4. INCORPORATION

The Company was incorporated on November 19, 1964, under the name Dawson Housing Developments Ltd., pursuant to the Companies Act of the Province of British Columbia by the registration of its Memorandum and Articles of Association. On November 14, 1968, the name was changed to its present form; on December 12, 1968, the number of shares which the Company is authorized to issue was increased to 3,000,000, and the 4 shares issued and outstanding at that time were split 187,500 for 1; and on January 23, 1969, the Company was converted to a public company.

5. SHARE ISSUES DURING PAST TEN YEARS

Shares Without Par Value

<u>Date of Issue</u>	<u>No. of Shares Issued</u>	<u>Amount Realized Per Share</u>	<u>Total Amount Realized</u>	<u>Purpose of Issue</u>
November 19, 1964	2	\$1.00	\$ 2.00	Incorporators Shares
November 19, 1964	1	1.00	1.00	Cash
February 26, 1965	1	1.00	1.00	Cash
(December 12, 1968	The 4 issued shares sub-divided into 750,000 shares)			
March 21, 1969	250,000	4.60	\$1,150,000.00	Expansion of the Company's business, and to meet 1969 land purchase commitments

6. STOCK PROVISIONS AND VOTING POWERS

Each holder of shares is entitled to one vote for each share held and to participate pro rata in any distribution to shareholders upon liquidation. Shareholders are entitled to such dividends as may from time to time be declared by the Board of Directors. All the issued and outstanding shares are fully paid and not subject to further call or assessment.

7. DIVIDEND RECORD

The only dividend declared by the Company was a dividend of \$1,250 per share on the four shares then outstanding, which was paid on June 24, 1965.

8. RECORD OF PROPERTIES

To ensure that land is available for development, the Company has adopted a policy of maintaining a land inventory sufficient to meet requirements of about 5,000 housing units anticipated over a 5-year period. The Company will construct housing units on approximately one-half of the land currently held for development. The remaining one-half will be sold as developed or as undeveloped building sites. The following is a summary of the land currently held:

<u>Description</u>	<u>Prospective Development and Approximate Number of Units</u>
4.6 acres—North Surrey, British Columbia	A 120-unit rental development to be completed in 1970.
13.7 acres—North Burnaby, British Columbia	250 high-rise apartment units and 240 town houses to be completed in 1970.
65 acres—North Burnaby, British Columbia	Zoning application will be submitted in 1970. When rezoned, land will support 1,300 apartment units.
110 acres—Lions Bay, British Columbia	To be sub-divided into 200 lots for sale in 1970 and 1971.
160 acres—Lincoln City, Oregon, U.S.A.	To be developed as a recreation-oriented community totalling 638 units. Development will commence in 1970.
70 acres—Delta, British Columbia	Currently zoned agricultural. Application for residential zoning will be submitted in 1970. Development could commence in 1971 on 420 lots.
380 acres—Prince George, British Columbia	A single-family and mobile home sub-division in a Local Improvement District (Western Acres), which will eventually produce 2,300 lots. 50 lots will be developed in 1970.
20 acres—Fort St. James, British Columbia	A 100-unit mobile home sub-division currently being developed for sale to employees of Canfor Limited and Takla Development Ltd.
50 lots—Sparwood, British Columbia	50 single-family homes are being constructed for sale in 1970 to employees of Kaiser Resources Ltd.

The above properties are held by the Company at an aggregate cost of \$3,300,219, of which balances of purchase prices and mortgages total \$2,152,082. \$317,642 is payable prior to October 31, 1970.

Dawson has in addition the following properties under option;

<u>Description</u>	<u>Prospective Development and Approximate Number of Units</u>
160 acres—North-east Calgary, Alberta	Plan of development as a residential sub-division will be submitted in 1970. When zoned, land will support 700 housing units.
47 acres—North-east Edmonton, Alberta	Plan of development as a residential sub-division will be submitted in 1970. When zoned, land will support 250 housing units.

The Company at the present time holds as part of its own portfolio the following properties:

<u>Apartment and Town House Developments</u>	<u>Location</u>	<u>Year Completed</u>	<u>Number of Units</u>
*Vista Gardens (town houses)	Calgary	1969	100
Hetherington Estate (town houses and apartments)	Calgary	1970	47
Villa Montecito (town houses)	Burnaby	1970	153
Total			300

*Owned by wholly-owned subsidiary.

9. SUBSIDIARY COMPANIES

Polar Construction Company Limited ("Polar") was incorporated by Letters Patent under the laws of the Dominion of Canada on April 14, 1959. Its authorized capital is \$450 divided into 450 non-cumulative redeemable preference shares with a par value of \$1.00 each. Polar is also authorized to issue 5,000 common shares without par value. Six common shares are issued, all beneficially owned by the Company. Polar acts as an employment agent for the Company.

DDL Imports Ltd. ("DDL") was incorporated under the Companies Act of the Province of British Columbia on May 15, 1969. DDL is authorized to issue 10,000 shares without par value. Two shares are issued, both beneficially owned by the Company. DDL acquires home furnishings to be used in certain residential buildings constructed by the Company, and any surplus furnishings are subsequently re-sold.

Vista Gardens Development Ltd. ("Vista") was incorporated under the Companies Act of the Province of Alberta on December 16, 1968. Vista is authorized to issue 20,000 shares without par value. Two shares are issued, both beneficially owned by the Company. Vista owns and operates a one hundred unit apartment development in Calgary under the limited dividend section of the National Housing Act.

Dawnex Properties Ltd. ("Dawnex") was incorporated under the Companies Act of the Province of British Columbia on August 1, 1969. Dawnex is authorized to issue 1,000,000 shares without par value. Dawnex has issued 400,000 shares for a consideration of \$4,000. The Company owns 200,000 of such issued shares. Dawnex was incorporated to own and operate mobile home parks. Dawnex is not a subsidiary as such.

10. FUNDED DEBT (as of October 31, 1969)

Mortgages and Agreements for Sale

Mortgages (on income properties) and Agreements for Sale (in respect of land held for development) consist of the following:

Agreements for Sale

9¼ % payable \$5,000 per month principal and interest	\$ 76,000
9 % payable in annual installments of \$122,400 commencing December 31, 1970	612,000
6 % payable in annual installments of \$10,000 commencing September 4, 1970	125,000
6 % payable \$35,000 December 15, 1969, and \$30,000 December 15, 1970	65,000
Payable on or before December 31, 1969, without interest	140,000
7 % payable on or before December 15, 1969	135,000
9 % payable \$100,000 per annum, commencing December 31, 1970	800,000
8 % payable on or before April 11, 1971	50,000
9½ % payable on or before April 15, 1970	91,642
8 % payable on or before October 31, 1972	257,440
	<u>\$2,352,082</u>

Mortgages

8½ % mortgage advances on income property under construction	\$1,400,000
6½ % payable \$11,896 per month principal and interest to 2019	1,243,782
Total	<u>\$4,995,864</u>

11.

OPTIONS, UNDERWRITINGS, ETC.

(a) The Company has an incentive stock option plan for employees, which includes directors and officers employed by the Company. Options may be granted from time to time by the Board of Directors. The maximum number of unissued shares that may be under option from time to time shall be equal to 5% of the total number of shares issued and outstanding. The option price per share shall be the last closing bid quotation on the Vancouver Stock Exchange on the day on which the option in question is granted. The option shall be for a period of 5 years with a cumulative right to exercise their rights as to 20% a year.

(b) The Company has granted to its Directors, Officers, and Employees options as particularly set out under Item I.

(c) There are no underwriting agreements outstanding. There is, however, a letter dated December 15, 1969, from Richardson Securities of Canada to the Company wherein the two agree to enter into an underwriting agreement for the sale and distribution of \$4,200,000 of the Company's 8½% 15-year convertible debentures. The offering is expected to take place in March, 1970.

(d) There are no issued shares of the Company held for the benefit of the Company.

(e) 338,347 shares in the capital stock of the Company are held in escrow by National Trust Company, Limited, to be released therefrom only with the consent of the British Columbia, Alberta, and Ontario Securities Commissions.

12.

LISTING ON OTHER STOCK EXCHANGES

The shares of the Company are listed on the Vancouver Stock Exchange. Application is being made for listing of the Company's shares on the Montréal Stock Exchange.

13.

STATUS UNDER SECURITIES ACTS

Particulars of any filing, registration, approval or qualification with or by Provincial Securities Commissions are as follows:

With reference to the offering of 250,000 shares to the public by Richardson Securities of Canada under a Prospectus of the Company dated February 24, 1969,

(a) The Ontario Securities Commission issued its official receipt dated March 3, 1969, acknowledging receipt for (Final) Prospectus;

(b) The Saskatchewan Securities Commission issued its official receipt dated March 6, 1969, acknowledging receipt for the Prospectus dated February 24, 1969;

(c) The Alberta Securities Commission issued its "Receipt For The Filing Of A Final Prospectus" dated March 6, 1969, acknowledging receipt of a Final Prospectus dated February 24, 1969;

(d) The British Columbia Securities Commission issued its receipt dated March 7, 1969, acknowledging receipt of the material required by Part VII of the British Columbia Securities Act (1967).

14.

FISCAL YEAR

The fiscal year of the Company ends on October 31.

15.

ANNUAL MEETINGS

The Companies Act of the Province of British Columbia requires the Company to hold its annual meeting once a year in the Province of British Columbia. The last annual meeting of the Company was held December 20, 1968. The next annual meeting will be held on January 19, 1970, and approval for holding the meeting at that time has been given by the Registrar of Companies for the Province of British Columbia.

16.

HEAD AND OTHER OFFICES

The Company's registered and head office and principal place of business is at 745 Clark Drive, Vancouver, British Columbia.

The Company also has an office at 415-36th Avenue S.E., Calgary, Alberta.

17.

TRANSFER AGENT

The Transfer Agent of the Company is National Trust Company, Limited at its head offices in Vancouver, Calgary, Winnipeg, Toronto, Montréal, and at the offices of its duly authorized agent in the City of Regina.

18.

TRANSFER FEE

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

19.

REGISTRAR

The Registrar of the Company is National Trust Company, Limited, 510 Burrard Street, Vancouver, British Columbia, with branch registers in Calgary, Regina, Winnipeg, Toronto, and Montréal.

20.

AUDITORS

The auditors of the Company are: Messrs. Arthur Andersen & Co., Chartered Accountants,
1075 Melville Street, Vancouver, British Columbia.

21.

OFFICERS

The Officers of the Company are:

<u>Name</u>	<u>Office</u>	<u>Home Address</u>
Graham Russell Dawson, P. Eng.	Chairman of the Board	3838 Cypress Street Vancouver, British Columbia
John Wilson Poole, P. Eng.	President	620 Glenmaroon Road West Vancouver, British Columbia
Norman Edward Cressey, P. Eng.	Vice-President	296 Newdale Court North Vancouver, British Columbia
William Bruce Laurie, C.A.	Vice-President and Secretary	2608-1733 Comox Street Vancouver, British Columbia
Louis Edward Berczik	Treasurer	4962 Fenton Drive Ladner, British Columbia

22.

DIRECTORS

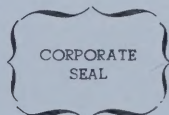
The Directors of the Company are:

<u>Name</u>	<u>Home Address</u>
Graham Russell Dawson, P. Eng.	3838 Cypress Street, Vancouver, British Columbia
John Wilson Poole, P. Eng.	620 Glenmaroon Road, West Vancouver, British Columbia
Norman Edward Cressey, P. Eng.	296 Newdale Court, North Vancouver, British Columbia
William Bruce Laurie, C.A.	2608-1733 Comox Street, Vancouver, British Columbia
George Beverly McKeen	5376 Angus Drive, Vancouver, British Columbia
Roderick Maclaren Hungerford	6674 Marine Crescent, Vancouver, British Columbia
Hubert Richard Whittall	6288 MacDonald Street, British Columbia
Robert Thomson, E.D., F.C.I.S.	4555 Montclair Avenue, Montréal 262, Québec

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, Dawson Developments Limited hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

DAWSON DEVELOPMENTS LIMITED



Per: "J. W. POOLE",
President

Per: "W. B. LAURIE",
Vice-President and Secretary

CERTIFICATE OF UNDERWRITER

To the best of my knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

RICHARDSON SECURITIES OF CANADA

Per: "H. R. WHITTALL"

DISTRIBUTION OF NO PAR VALUE STOCK AS OF DECEMBER 31, 1969

Number	Holder	of	1	—	99	share	lots	Shares
174	1	—	99	share	lots	7,578
241	" "	100	—	199	" "	.....	24,795
95	" "	200	—	299	" "	.....	19,846
22	" "	300	—	399	" "	.....	6,890
17	" "	400	—	499	" "	.....	6,950
60	" "	500	—	999	" "	.....	34,564
36	" "	1000	—	up	" "	.....	899,377
<u>645</u>	Shareholders						Total shares	<u>1,000,000</u>

FINANCIAL STATEMENTS

DAWSON DEVELOPMENTS LIMITED

AND SUBSIDIARIES (NOTES 1 AND 2)

CONSOLIDATED BALANCE SHEET—OCTOBER 31, 1969

ASSETS	
CASH	\$ —
DEPOSIT RECEIPTS	100,000
ACCOUNTS RECEIVABLE (Notes 8 and 14)	4,429,531
REFUNDABLE SECURITY DEPOSIT	100,000
LAND HELD FOR DEVELOPMENT, at cost including development costs of \$275,052 (Notes 6 and 10)	3,576,219
LAND OPTION DEPOSITS	69,900
PREPAID EXPENSES	47,998
INVESTMENTS IN AND ADVANCES TO AFFILIATES (Note 4)	64,539
AGREEMENT RECEIVABLE	372,351
INCOME PROPERTIES UNDER CONSTRUCTION, at cost to date (Notes 6 and 10)	2,056,645
INCOME PROPERTIES, at cost less accumulated depreciation of \$5,200 (Notes 6 and 10) ..	1,410,318
LEASEHOLD INTERESTS IN LAND UNDER DEVELOPMENT (Note 5)	488,000
EQUIPMENT, at cost less accumulated depreciation of \$128,210	225,387
DEFERRED CHARGES AND OTHER ASSETS	36,563
	<u>\$12,977,451</u>
LIABILITIES	
BANK LOAN (Note 8)	\$ 349,700
ACCOUNTS PAYABLE TRADE, SUBCONTRACTORS, ETC.	3,551,011
ACCOUNTS PAYABLE AFFILIATES	68,577
INCOME TAXES	646,998
EXCESS OF BILLINGS ON INCOMPLETE CONTRACTS OVER COSTS OF \$583,541 (Note 3)	40,794
MORTGAGES AND AGREEMENTS FOR SALE (Note 6)	4,995,864
DEFERRED INCOME TAXES	365,000
LONG-TERM LEASE OBLIGATIONS (Note 5)	488,000
	<u>\$10,505,944</u>
CONTINGENT LIABILITIES (Note 11)	
SHAREHOLDERS' EQUITY	
Capital (Notes 1 and 9)—	
Shares, without par value; authorized, 3,000,000 shares; outstanding, 1,000,000 shares.	\$ 1,150,004
Retained earnings	1,321,503
	<u>\$ 2,471,507</u>
	<u>\$12,977,451</u>

Approved on behalf of the Board:

"J. W. POOLE", Director

"G. R. DAWSON", Director

The accompanying notes are an integral part of this balance sheet.

DAWSON DEVELOPMENTS LIMITED **ANNUAL REPORT 1969**



FARO, YUKON TERRITORY

Under a contract with Anvil Mines Ltd., your Company began excavations for 186 housing units on this site, 1292 miles northwest of Edmonton, in April, 1969. Nine months of preparatory work involving planning, selection of material sources, letting of sub-contracts, equipment assembly and programing has preceded this start.

Seventy-six fully framed units in various stages of construction were standing on June 13, 1969, when a forest fire swept through the project, destroying or seriously damaging every building on the site.

On July 15, 1969, new emergency scheduling had been completed, crews re-assembled and work on the Faro project was resumed.

This photograph, taken on October 21, 1969, shows the project 95% completed. It is presented on the cover of your Company's first annual report as a tribute to Project Manager Tom Greenall and his men, who, overcoming near disaster and facing unbelievable odds, fulfilled one of the most difficult construction contracts ever undertaken in Canada.

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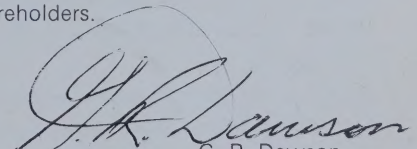
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Highlights of Operations

	1969	1968
Total Operating Revenues.....	\$12,656,627	\$6,328,564
Net Income — Fully Taxed.....	781,940	323,830
Number of Shares Outstanding.....	1,000,000	750,000
Net Income Per Share.....	78¢	43¢
Number of Dwelling Units Completed....	782	405
Number of Dwelling Units in Progress....	346	162

A Message from the Chairman

Your Company recognizes that the provision of adequate housing for citizens in the lower income range is one of the most significant challenges of the next decade, and is dedicated to the task of meeting this need. We are convinced that, through the utilization of modern skills and technology, and with proper planning and control, good quality low cost housing can be produced consistent with a fair rate of return for our shareholders.


G. R. Dawson,
Chairman

President's Report

October 31st, 1969 marks the end of our first fiscal period as a Public Company. The results for the year speak for themselves.

Net profit after full provision for deferred income taxes was \$781,940, or 78¢ per share. This compares to \$323,830 or 43¢ per share for the previous year. At \$12,977,451 total assets increased by \$7,012,838 or 118% over 1968. Land held for development (at cost) increased by \$2,253,604 and income properties (at cost) increased by \$1,588,467.

Significant progress was made during the year in assembling our land bank in anticipation of increased activity from the land development division. We expect land sales this year to exceed by a substantial amount the figure of \$300,000 recorded in 1969.

Increased sales income is forecast from public housing, condominiums, resource industry communities and mobile home parks.

Construction will begin in 1970 on 535 dwelling units to be added to our portfolio of income properties.

The capacity to produce, an inventory of land to develop, access to mortgage financing, and a strong sales organization form the basic ingredients of a successful home building and development company. I feel we have demonstrated strength in these categories and we will, I am convinced, play an ever increasing role in the provision of housing for families in all income groups.

High interest rates on mortgage loans are a matter of real concern to our industry. Our approach during these times of tight money is to offer equity participation to lending institutions in return for lower rates of interest and lower equity requirements. I am satisfied that we can maintain a good return on investment in new income properties as well as a fair margin of profit for our services as Builder-Developer. We will pursue a policy of flexibility with all lending institutions.

Much of the credit for last year's success is due to the vigorous and loyal effort of our project construction managers and superintendents. The men who supervise our construction are among the

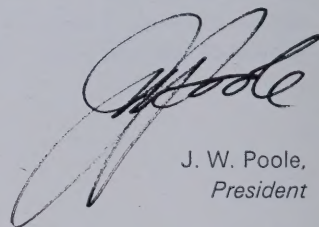
best in the entire industry and with their following of tradesmen, they continue to establish new records. My report would not be complete without paying special tribute to their above average performance in 1969.

The number of shareholders of your Company has increased to 653. I welcome the new shareholders and thank them for the confidence shown in the management of the Company. I wish also to thank the entire Dawson staff for their efforts in the past year.

Provision of housing continues to be one of the most pressing problems in Canada today. Your Company has a good land position; we have access to mortgage financing; and we have a sales organization that can sell everything we produce. Our progress to date has been gratifying and I am confident that we will continue to prosper in the future.

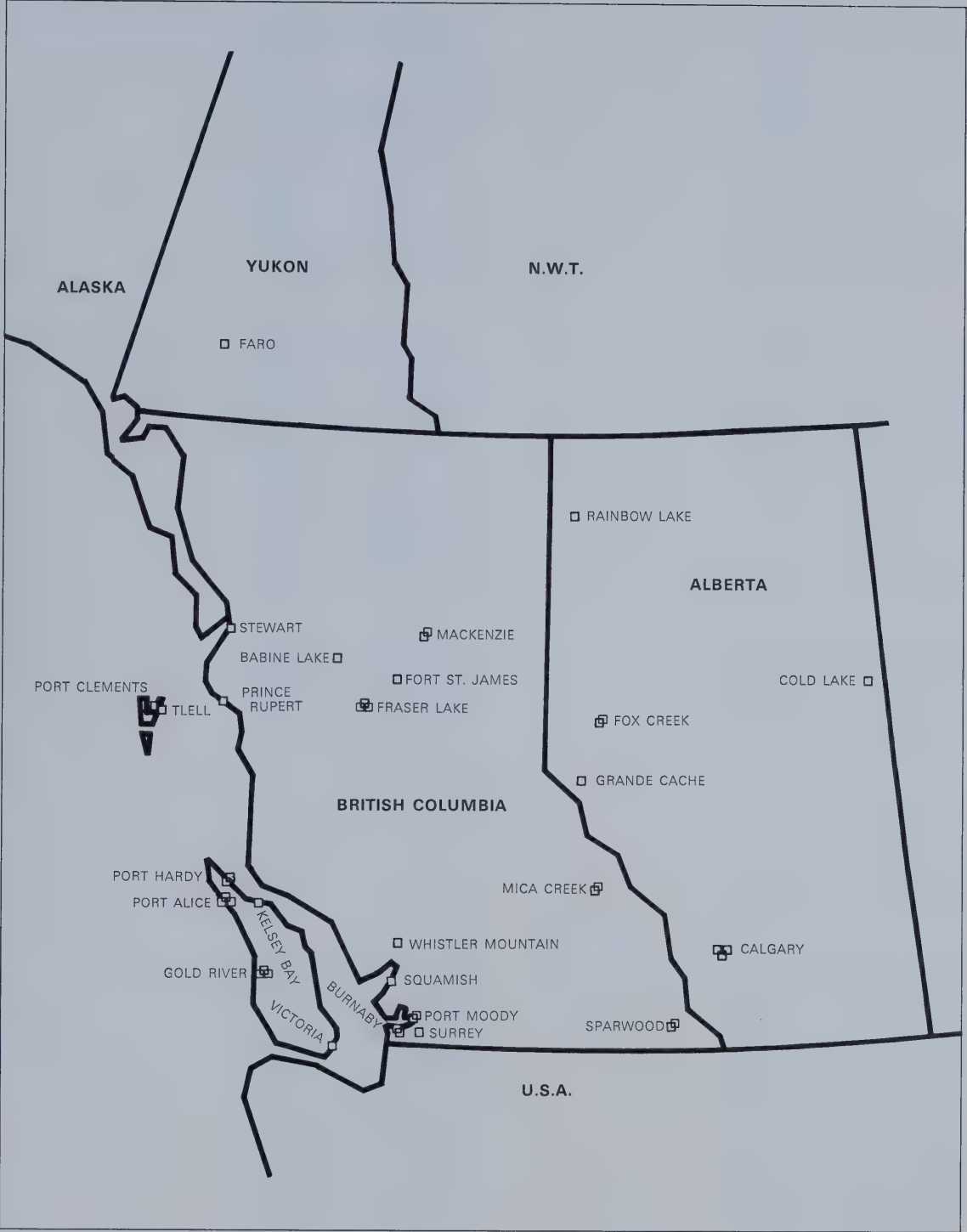
On Behalf of the Board of Directors,

December 12, 1969

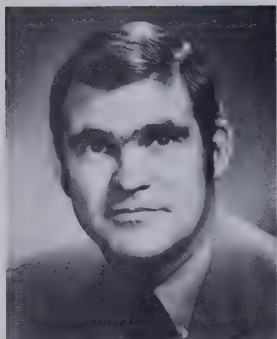


J. W. Poole,
President

Completed Projects 1964-1969



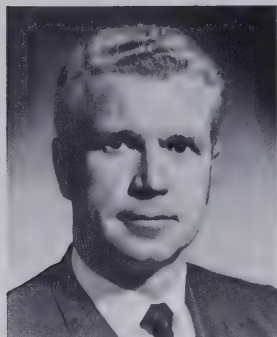
Board of Directors



John W. Poole, *P.Eng.*
Director;
President and Chief
Executive Officer



Graham R. Dawson, *P.Eng.*
Director;
Chairman of the Board



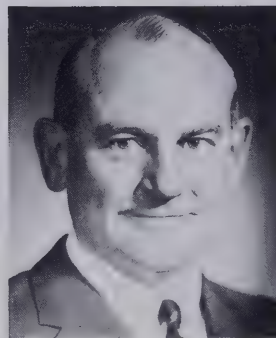
Norman E. Cressey, *P.Eng.*
Director;
Vice-President, Operations



William B. Laurie, *C.A.*
Director;
Vice-President, Finance
and Secretary



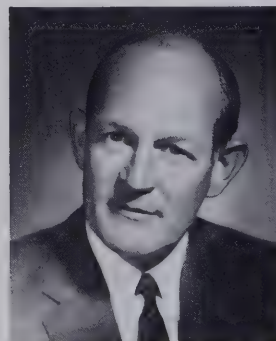
George B. McKeen
Director



Roderick M. Hungerford
Director



Robert Thomson
Director



H. Richard Whittall
Director

The Company Story

It has become apparent within the past few years that random development of land, ad hoc zoning, minimal sub-divisions and outdated building methods have, at least in part, been responsible for the serious lack of decent housing in Canada. The need for integrated and carefully programmed real estate development from raw land to finished project has never been more urgent, whether the product is single family dwellings, condominium townhouses, hi-rise apartments or a combination of all of these.

In this country only a few companies have emerged with the total resources and skills necessary to undertake such projects. Your Company is one of these; and in a brief five years has established a commanding position in the real estate development industry.

Formed in 1964 under the name Dawson Housing Developments Ltd., the Company's first efforts were directed to the construction of multiple housing units for resource industry employees. In developing the capacity to produce a quality product for this market the Company soon recognized that this capability could be applied to the demand for family housing in the urban sector. As a result it moved into the market for multiple family homes in the metropolitan areas of Vancouver and Calgary.

On November 14th, 1968 the name of the Company was changed to its present form to more accurately reflect the broader scope of its activities. Shares of Dawson Developments Limited common stock were offered for sale to the public for the first time on February 24th, 1969.

Today the business of your Company fits into five basic divisions: Resource Industry Communities, Condominiums, Income Properties, Public Housing, and Land Development. These are outlined in the following pages of this report.

Management Team



Stanley Allington
*Manager, Land Development
Division*



Edward Berczik
Treasurer



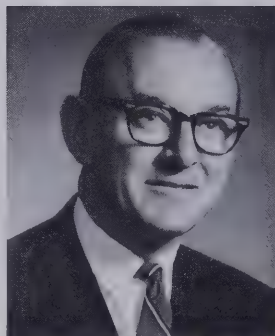
Norman H. McClary
Property Manager



Edward N. McLean
Chief Engineer



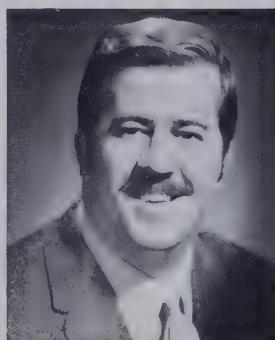
Donald J. Owens
*Manager, Advertising and
Public Relations*



Russell A. Nunn
*General Manager,
Western Operations*



Walter G. Roper
Chief Designer



Bernard Springman
Sales Manager

Resource Industry Communities

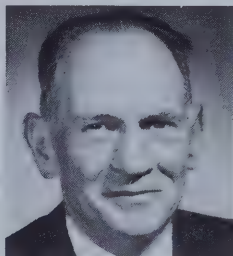


FARO, YUKON TERRITORY

PROJECT SUPERINTENDENTS



Reg Ballard



Bill Greenall



Tom Taylor



John Weiprecht

The economy of Western Canada is irrevocably tied to the natural resources of British Columbia, Alberta, Yukon Territory, and Northwest Territories. Industry must go into a vast, almost untracked

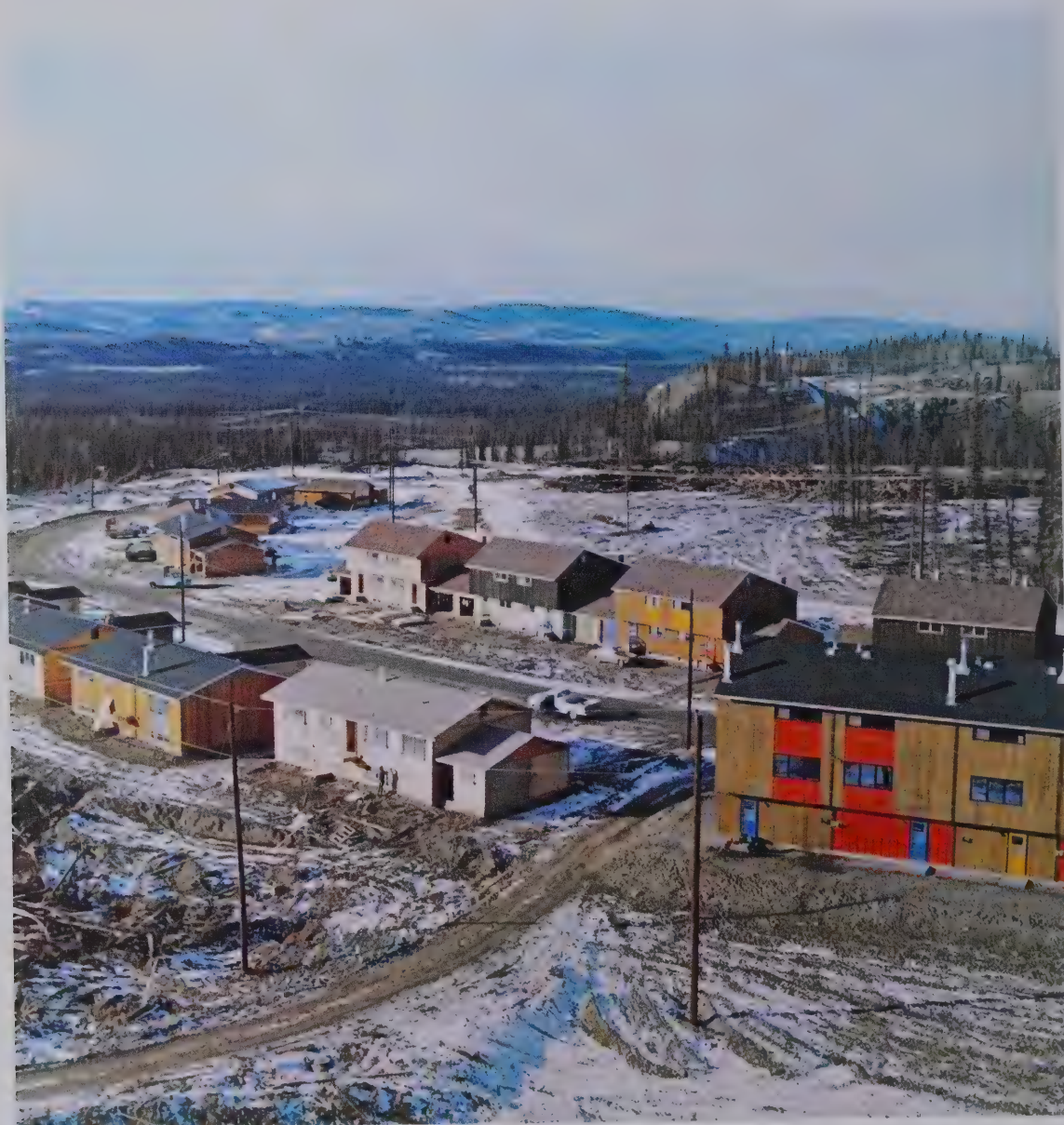
wilderness and build the pulp mills, mining facilities, pipe lines, logging operations, oil and gas wells necessary to develop these resources; and where industry goes people must follow.

Loggers, miners, oil men, pulp and paper workers are needed, and to attract and keep these people in an unfriendly environment, adequate shelter is no longer enough. Whole communities must be created.

Top quality men require family housing and urban services located at the job site if they are to continue to produce at an efficient level. It is the responsibility of your Company to create these

facilities. Since 1964 Dawson Developments Limited has completed 1720 housing units for families in these communities.

In addition to building modern, attractive and comfortable homes, your Company provides a variety of services in the development of resource industry communities, such as the design and installation of sewer, water, power and gas facilities and the construction of roads.



FARO, YUKON TERRITORY



GOLD RIVER, B.C.



GRANDE CACHE, ALBERTA



PORT ALICE, B.C.



MICA CREEK, B.C.

Condominiums

An unprecedented challenge exists in Canada today for private developers to create residential units to meet the requirements of a growing population. New designs must be conceived, new methods devised and new concepts researched to meet this demand.

The condominium approach was made possible in British Columbia by the enactment of the Strata Titles Act which permits individual ownership of a single housing unit within a total residential package where the land and amenities are held and maintained jointly by the owners. Dawson Developments Limited moved quickly to apply this new concept, creating the first condominium project in Canada at



Ray Erickson
Project Superintendent

Port Alice, Vancouver Island, in 1965.

Other "firsts" followed: Hi-View Estates in Port Moody, B.C. (132 units) the first condominium in the Lower Mainland and winner of the National Award for Residential Design—1969. The Meadows in Surrey, (118 units) the first privately financed condominium in Canada. Both projects were sold out before construction was completed.

Your Company will continually seek new applications for condominium programs.



HI-VIEW ESTATES, PORT MOODY, B.C.



WHISTLER MOUNTAIN, B.C.



THE MEADOWS, SURREY, B.C.

Income Properties

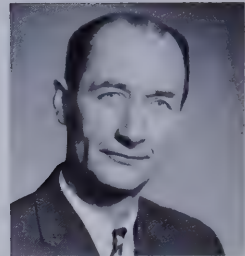
This division of your Company develops and builds multiple family housing projects—principally townhouses, garden apartments and hi-rise structures for the rental market in larger urban areas such as Metropolitan Vancouver, Calgary and Victoria.

Pictured are three such properties: Vista Gardens, a 100 unit limited dividend project in Calgary; The Hetherington Estate, a 46 unit luxury townhouse and apartment property also in Calgary; and Villa Montecito, a 600 unit townhouse and hi-rise complex in Burnaby, B.C.

In addition to developing properties for its own income portfolio this division also builds rental projects for sale to private individuals and corporations.



Laurie Emerson
Project Manager



Hank Gray
Project Superintendent



VILLA MONTECITO, BURNABY, B.C.



VISTA GARDENS, CALGARY, ALBERTA



THE HETHERINGTON ESTATE, CALGARY, ALBERTA

Public Housing



Leo Gauvin
Project Superintendent



F.P. 1, BURNABY, B.C.

Your Company's activities in connection with public housing projects cover preparing and carrying out "package proposals" including land use, design, engineering and construction. Typically, units are built with government financing for ownership by government agencies. The

Company contracts with the Public Housing Authority to supply buildings at a fixed price on a completed or "turn-key" basis.

Pictured is a 90 unit public housing project in Burnaby, B.C. completed in 1969.

Land Development

The land development division is responsible for the purchase, planning, zoning, subdivision and servicing of land for public or private sale, or for use by other divisions of the Company.

It retains consultants in the fields of surveying, engineering, planning and architecture and maintains a close liaison with government authorities to assess development attitudes, policy, and legislation in order to promote the most effective use of its land holdings.

The current land bank totals 1110.3 acres, sufficient to support a minimum of 6000 housing units.

The Company will build on approximately one half of this land; the balance will be sold as developed or undeveloped building sites.

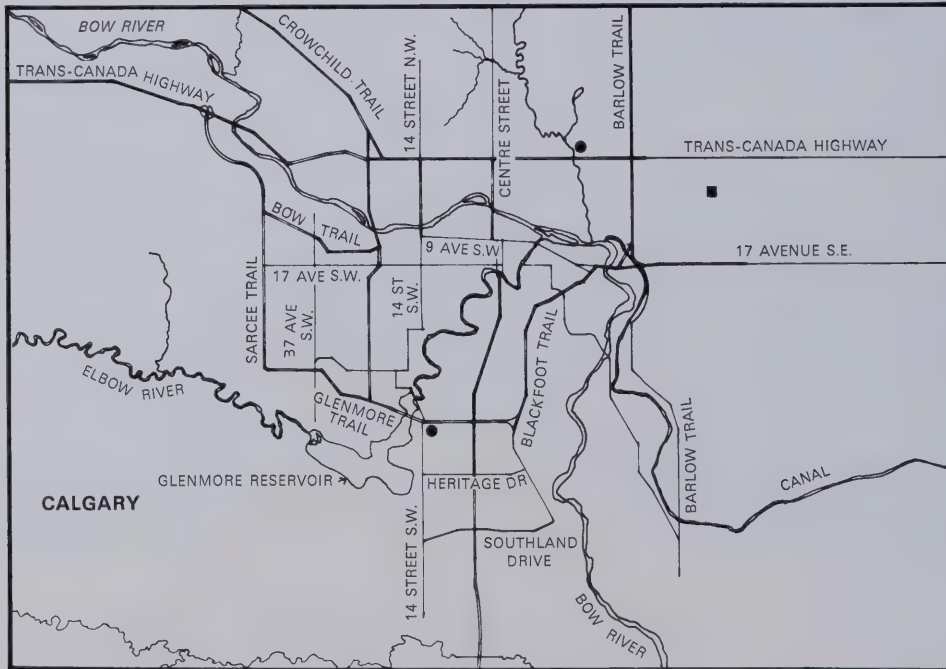
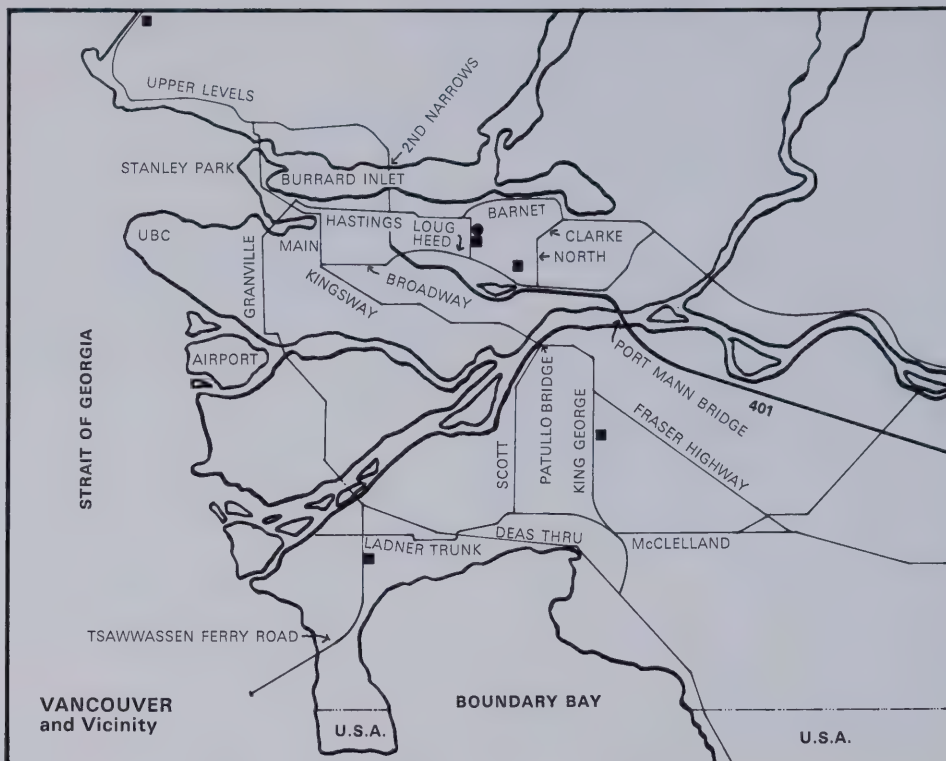
Mobile Home Parks

The land development division of your Company assembles and develops mobile home parks for Dawnex Properties Ltd., a company 50% owned by Dawson Developments Limited, and 50% by Neonex International.

Mobile home parks offer the prospect of earning a two-fold return on investment. First, sound rental structures offer attractive income from the operation of mobile home parks. Secondly, at some point during the life of the park the increasing value of the ground it occupies will suggest more profitable land use.

Dawnex will operate mobile home parks in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario and the States of Washington and Oregon. Present plans are to commence development of approximately 1000 mobile home spaces in 1970.

Land Holdings



LEGEND

- PROSPECTIVE DEVELOPMENTS
- INCOME PROPERTIES

LAND HELD UNDER OPTION

47 ACRES IN EDMONTON, ALBERTA

Auditors' Report

To the Shareholders,

Dawson Developments Limited:

We have examined the consolidated balance sheet of Dawson Developments Limited (a British Columbia company), and its wholly owned subsidiaries as of October 31, 1969 and the related consolidated statements of income, and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have previously examined and reported on the financial statements of the preceding period.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of income, and source and application of funds present fairly the financial position of Dawson Developments Limited and its wholly owned subsidiaries as of October 31, 1969 and the results of their operations for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Vancouver, B.C.
December 12, 1969

Arthur Andersen & Co.
Chartered Accountants

Financial Statements

DAWSON DEVELOPMENTS LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS — OCTOBER 31, 1969 AND 1968

ASSETS

CURRENT ASSETS:	1969	1968
Deposit receipts.....	\$ 100,000	\$ 750,000
Accounts receivable (Note 7) —		
Progress billings and sales.....	2,593,401	1,010,483
Retentions.....	1,139,295	350,367
Affiliate.....	196,835	226,909
Other.....	—	76,806
Mortgage advance receivable.....	500,000	—
Refundable security deposit.....	100,000	—
Land held for development, at cost including development costs of		
1969 — \$275,052; 1968 — \$57,715 (Notes 6 and 9).....	3,576,219	1,322,615
Land option deposits.....	69,900	—
Prepaid expenses.....	47,998	—
<i>Total current assets</i>	<u>8,323,648</u>	<u>3,737,180</u>
INVESTMENTS IN AND ADVANCES TO AFFILIATES (Note 4).....	64,539	50
AGREEMENT RECEIVABLE.....	372,351	282,421
INCOME PROPERTIES UNDER CONSTRUCTION,		
at cost to date (Notes 6 and 9).....	2,056,645	—
INCOME PROPERTIES, at cost less accumulated depreciation of		
1969 — \$5,200; 1968 — \$146,363 (Notes 6 and 9).....	1,410,318	1,878,496
LEASEHOLD INTERESTS IN LAND UNDER DEVELOPMENT (Note 5).....	488,000	—
EQUIPMENT, at cost less accumulated depreciation of		
1969 — \$128,210; 1968 — \$64,077.....	225,387	66,466
DEFERRED CHARGES AND OTHER ASSETS.....	36,563	—
	<u>\$12,977,451</u>	<u>\$5,964,613</u>

APPROVED ON BEHALF OF THE BOARD:

GRAHAM RUSSELL DAWSON, *Director*

JOHN WILSON POOLE, *Director*

The accompanying notes are an integral part of these financial statements.

LIABILITIES

CURRENT LIABILITIES:	1969	1968
Bank loan (Note 7)	\$ 349,700	\$ 571,192
Accounts payable trade, subcontractors, etc.	3,551,011	886,369
Accounts payable affiliates	68,577	171,868
Income taxes	646,998	326,000
Excess of billings on incomplete contracts over costs of 1969 — \$583,541; 1968 — \$777,081 (Note 3)	40,794	126,403
Current portion of mortgages and agreements for sale (Note 6)	2,322,082	1,231,000
Current portion of long-term lease obligations (Note 5)	11,000	—
<i>Total current liabilities</i>	<u>6,990,162</u>	<u>3,312,832</u>
 MORTGAGES AND AGREEMENTS FOR SALE, less current portion (Note 6) . .	<u>2,673,782</u>	<u>1,951,864</u>
 DEFERRED INCOME TAXES	<u>365,000</u>	<u>160,350</u>
 LONG-TERM LEASE OBLIGATIONS, less current portion (Note 5)	<u>477,000</u>	<u>—</u>
 CONTINGENT LIABILITIES (Note 10)		

SHAREHOLDERS' EQUITY:

Capital (Notes 1 and 8) —		
Shares, without par value; authorized, 1969 — 3,000,000 shares, 1968 — 10,000 shares; outstanding, 1969 — 1,000,000 shares, 1968 — 4 shares	<u>1,150,004</u>	<u>4</u>
Retained earnings —		
Balance, beginning of period	539,563	215,733
Net income	781,940	323,830
Balance, end of period	<u>1,321,503</u>	<u>539,563</u>
	<u>2,471,507</u>	<u>539,567</u>
	<u>\$12,977,451</u>	<u>\$5,964,613</u>

DAWSON DEVELOPMENTS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEAR ENDED OCTOBER 31, 1969 AND

THE EIGHT MONTH PERIOD ENDED OCTOBER 31, 1968

	1969	1968
OPERATING REVENUES (Note 3)	\$12,656,627	\$6,328,564
OPERATING COSTS (excluding interest and depreciation)	10,857,265	5,404,606
	<u>1,799,362</u>	<u>923,958</u>
GAIN ON SALE OF INCOME PROPERTIES	415,450	—
	<u>2,214,812</u>	<u>923,958</u>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES, including interest of 1969 — \$69,762; 1968 — \$84,943 (Note 9)	572,597	293,349
<i>Income from operations before depreciation</i>	1,642,215	630,609
DEPRECIATION	132,900	75,569
<i>Income from operations</i>	<u>1,509,315</u>	<u>555,040</u>
OTHER INCOME:		
Earnings of affiliate (Note 4)	13,230	45,000
Interest income	54,395	21,790
	<u>67,625</u>	<u>66,790</u>
<i>Income before income taxes</i>	1,576,940	621,830
PROVISION FOR INCOME TAXES	795,000	298,000
<i>Net income</i>	<u>\$ 781,940</u>	<u>\$ 323,830</u>
Earnings per share*	78¢	43¢

*As adjusted for share split of 187,500 for 1 on December 12, 1968.

The accompanying notes are an integral part of these financial statements.

DAWSON DEVELOPMENTS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED OCTOBER 31, 1969 AND

THE EIGHT MONTH PERIOD ENDED OCTOBER 31, 1968

SOURCE OF FUNDS:	1969	1968
Net income	\$ 781,940	\$ 323,830
Non-cash charges deducted in arriving at net income —		
Depreciation	132,900	75,569
Deferred income taxes	204,650	22,000
Less — earnings of affiliate included in net income above	(13,230)	—
Funds provided from operations	<u>1,106,260</u>	<u>421,399</u>
Proceeds of share issue, net of expenses of \$36,563	1,113,437	—
Mortgage advances received and increases in		
agreements receivable, net of repayments	<u>721,918</u>	<u>72,193</u>
	<u>2,941,615</u>	<u>493,592</u>
APPLICATION OF FUNDS:		
Net additions to income properties held and under construction	1,653,613	—
Net purchases of equipment	213,445	41,475
Investment in and advances to affiliates	64,489	—
Increase in agreement receivable	89,930	66,057
Current portion of long-term lease obligation	11,000	—
	<u>2,032,477</u>	<u>107,532</u>
<i>Increase in working capital</i>	909,138	386,060
WORKING CAPITAL, BEGINNING OF PERIOD	<u>424,348</u>	<u>38,288</u>
<i>Working capital, end of period</i>	<u>\$ 1,333,486</u>	<u>\$ 424,348</u>

The accompanying notes are an integral part of these financial statements.

DAWSON DEVELOPMENTS LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. THE COMPANY

On November 14, 1968 the name of the Company was changed from Dawson Housing Developments Ltd. to its present form, on December 12, 1968 the number of shares which the Company is authorized to issue was increased to 3,000,000 and the 4 issued shares were split 187,500 for 1, on January 23, 1969 the Company was converted to a public company and on February 24, 1969 — 250,000 shares were issued for a cash consideration of \$1,150,000.

2. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the assets and liabilities and the results of operations of the wholly owned subsidiaries, Polar Construction Company Limited, Vista Gardens Development Ltd. and D.D.L. Imports Ltd.

3. CONSTRUCTION CONTRACT REVENUE

The Company uses the completed contract method of recording revenue and costs on lump sum contracts. Under this method, revenues and costs are deferred until the project is approximately 85% complete, and costs to complete can be reasonably ascertained. Claims by or against owners, relating to adjustments arising out of contracts completed in prior years, are generally recorded in the year such claims or adjustments are resolved. The amount of such claims or adjustments recorded during the current year is not significant.

4. INVESTMENT IN AND ADVANCES TO AFFILIATE

The Company owns 50% of two affiliates; Hi-View Estates Ltd. (Hi-View) and Dawnex Properties Ltd. (Dawnex). At October 31, 1968 the investment in and advances to Hi-View were stated at cost. Accounting policy was changed at October 31, 1969 to reflect the investment and advances at underlying book value at April 30, 1969, Hi-View's fiscal year end. This change had no material effect on reported income.

The investment in and advances to Dawnex are reflected in the financial statements at underlying book value on October 31, 1969. Dawnex was incorporated on August 1, 1969 and has only recently commenced operations.

5. LEASEHOLD INTERESTS

During the year the Company sold at cost portions of its land held for development to a substantial Canadian lending institution. The land was then leased back for a term of 66 years at an annual gross rental of \$41,480 for the first 22 years, thereafter adjusted to give a fair rate of return on the then market values.

The actuarially computed present value of the rentals required to be paid under the leases has been capitalized as "Leasehold interests in land under development" and the corresponding liability set up as "Long term lease obligations".

6. MORTGAGES AND AGREEMENTS FOR SALE

Mortgages (on income properties) and Agreements for Sale (in respect of land held for development) consist of the following:

	Current Portion	Non-Current Portion
<i>Agreements for Sale</i>		
9¼% payable \$5,000 per month principal and interest	\$ * 76,000	\$ —
9% payable in annual instalments of \$122,400 commencing December 31, 1970..	*612,000	—
6% payable in annual instalments of \$10,000 commencing September 4, 1970....	*125,000	—
6% payable \$35,000 December 15, 1969 and \$30,000 December 15, 1970	35,000	30,000
Payable on or before December 31, 1969 without interest	140,000	—
7% payable on or before December 15, 1969	135,000	—
9% payable \$100,000 per annum commencing December 31, 1970	*800,000	—
8% payable on or before April 11, 1971	* 50,000	—
9½% payable on or before April 15, 1970	91,642	—
8% payable on or before October 31, 1972	*257,440	—
<i>Mortgages</i>		
8½% mortgage advances on income property under construction	—	1,400,000
6½% payable \$11,896 per month principal and interest to 2019	—	1,243,782
Total	\$2,322,082	\$2,673,782

*As land held for development is reflected in the Financial Statements as a current asset, the related Agreements for Sale are reflected as current liabilities.

7. ASSIGNMENT OF BOOK DEBTS

To secure its current borrowings from time to time, the Company has given to its bank a general assignment of its book accounts.

8. STOCK OPTIONS

The Company has a stock option plan under which options have been granted to certain directors, officers and employees of the Company as follows:

	Directors and Officers	Other Employees	Total
\$5.00 per share expiring December 31, 1973	7,500	3,500	11,000
\$7.00 per share expiring September 4, 1974	11,000	14,000	25,000
	<u>18,500</u>	<u>17,500</u>	<u>36,000</u>

The options granted are for a 5 year period but exercisable as to not more than 20% on a cumulative basis in each year by each optionee.

In addition to the shares under option as of December 12, 1969 the Company has reserved 14,000 shares for options which may be granted to employees in the future. It is the intention to grant these options at the then market prices.

9. CAPITALIZATION OF INTEREST AND REAL ESTATE TAXES

It is the Company's policy to include, as part of the cost of land, interest and real estate taxes which pertain to that land. Applicable interest during construction is added to income properties.

10. CONTINGENT LIABILITIES

The Company is contingently liable for the following:

- (a) Guarantee of the debts of an associated company in the amount of \$20,000.
- (b) Usual liabilities, indeterminate in amount, of contractors for the completion of contracts.
- (c) The Company has agreed to re-acquire all the issued shares and shareholders' loans of a real estate development company for a maximum price of \$282,221 and expenses incurred by the purchaser in the clearing of titles to land held by the said real estate development company, provided such titles can, on or before October 31, 1973, be cleared. Expenses incurred by the purchaser to October 31, 1969 are \$90,130.
- (d) First Mortgages assumed by purchasers on property sales during the year, the balances assumed being \$2,500,000. The Company is liable to the mortgagors in the event of default to the extent that foreclosure proceeds are less than the mortgages.

11. PENSION PLAN

The Company instituted a pension plan on January 1, 1969. Substantially, all employees are eligible to join the plan after one year of service.

The pension expense to the Company approximated \$7,000 in 1969.

There is no unfunded past service pension cost at October 31, 1969.

12. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate remuneration paid by the Company and its subsidiaries, directly or indirectly, to the Directors and Senior Officers of the Company for the year ended October 31, 1969 was \$142,132.



HEAD OFFICE: 745 Clark Drive, Vancouver
CALGARY OFFICE: 415 - 36th Avenue South East,
Calgary

The auditors of the Company are
Messrs. Arthur Andersen & Co.,
Chartered Accountants,
1075 Melville Street, Vancouver.

The transfer agent and registrar for the shares
of the Company is National Trust Company Limited
at its principal offices located in Toronto,
Winnipeg, Calgary and Vancouver.

Stock listed: Vancouver Stock Exchange.

*PRODUCED BY THE PUBLIC RELATIONS DEPARTMENT,
DAWSON DEVELOPMENTS LIMITED*

DESIGNED BY J & A BREUKELMAN DESIGN ASSOCIATES



DAWSON DEVELOPMENTS LIMITED

AND SUBSIDIARIES (NOTES 1 AND 2)

CONSOLIDATED STATEMENTS OF INCOME

FOR THE FIVE FISCAL PERIODS ENDED OCTOBER 31, 1969

	Year Ended October 31, 1969	Eight- Month Period Ended October 31, 1968	Year Ended		
			February 29, 1968	February 28, 1967	February 28, 1966
Operating revenues (Note 3)	\$12,656,627	\$6,328,564	\$6,432,613	\$5,208,006	\$2,299,869
Gain on sale of income properties	415,450	—	—	—	—
	<u>\$13,072,077</u>	<u>\$6,328,564</u>	<u>\$6,432,613</u>	<u>\$5,208,006</u>	<u>\$2,299,869</u>
Operating costs (excluding interest and depreciation)	\$10,857,265	\$5,404,606	\$5,898,259	\$4,876,234	\$2,036,213
Selling, general and administrative expenses	502,835	208,406	220,076	222,109	98,230
	<u>\$11,360,100</u>	<u>\$5,613,012</u>	<u>\$6,118,335</u>	<u>\$5,098,343</u>	<u>\$2,134,443</u>
Operating profit before the under-noted items	\$ 1,711,977	\$ 715,552	\$ 314,278	\$ 109,663	\$ 165,426
Income from affiliates (Note 4)	13,230	45,000	—	—	—
Other income	54,395	21,790	4,669	9,310	6,075
	<u>\$ 1,779,602</u>	<u>\$ 782,342</u>	<u>\$ 318,947</u>	<u>\$ 118,973</u>	<u>\$ 171,501</u>
Depreciation (Note 7)	\$ 132,900	\$ 75,569	\$ 90,791	\$ 37,297	\$ 14,329
Interest (Note 10)	69,762	84,943	103,658	9,840	—
Income taxes	795,000	298,000	66,466	35,921	68,323
	<u>\$ 997,662</u>	<u>\$ 458,512</u>	<u>\$ 260,915</u>	<u>\$ 83,058</u>	<u>\$ 82,652</u>
Net income	<u>\$ 781,940</u>	<u>\$ 323,830</u>	<u>\$ 58,032</u>	<u>\$ 35,915</u>	<u>\$ 88,849</u>
Earnings per share*	78¢	43¢	8¢	5¢	12¢

*As adjusted for share split of 187,500 for 1 on December 12, 1968.

The accompanying notes are an integral part of these financial statements.

DAWSON DEVELOPMENTS LIMITED

AND SUBSIDIARIES (NOTES 1 AND 2)

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

FOR THE FIVE FISCAL PERIODS ENDED OCTOBER 31, 1969

	Year Ended October 31, 1969	Eight- Month Period Ended October 31, 1968	Year Ended		
			February 29, 1968	February 28, 1967	February 28, 1966
BALANCE, BEGINNING OF PERIOD	\$ 539,563	\$215,733	\$157,701	\$121,786	\$ 37,937
ADD—Net income	781,940	323,830	58,032	35,915	88,849
	<u>\$1,321,503</u>	<u>\$539,563</u>	<u>\$215,733</u>	<u>\$157,701</u>	<u>\$126,786</u>
DEDUCT—Dividends paid	—	—	—	—	5,000
BALANCE, END OF PERIOD	<u>\$1,321,503</u>	<u>\$539,563</u>	<u>\$215,733</u>	<u>\$157,701</u>	<u>\$121,786</u>

The accompanying notes are an integral part of these financial statements.

AUDITORS' REPORT

To the Directors,

Dawson Developments Limited:

We have examined the consolidated balance sheet of Dawson Developments Limited (a British Columbia company) and its wholly-owned subsidiaries as of October 31, 1969, and the related statements of consolidated income and consolidated retained earnings for the five fiscal periods then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and consolidated retained earnings present fairly the financial position of Dawson Developments Limited and its wholly-owned subsidiaries as of October 31, 1969, and the results of their operations for the five fiscal periods ended October 31, 1969, in conformity with generally accepted accounting principles applied on a consistent basis after giving retroactive effect to the change in accounting for construction contract revenues described in Note 3 to the consolidated financial statements.

Vancouver, B.C.,

December 12, 1969.

Arthur Andersen & Co.,

Chartered Accountants.

DAWSON DEVELOPMENTS LIMITED

AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 1969

1. THE COMPANY

On November 14, 1968, the name of the Company was changed from Dawson Housing Developments Ltd. to its present form. On December 12, 1968, the number of shares which the Company is authorized to issue was increased to 3,000,000 and the 4 issued shares were split 187,500 for 1. On January 23, 1969, the Company was converted to a public company and on February 24, 1969, 250,000 shares were issued for a cash consideration of \$1,150,000.

2. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the assets and liabilities and the results of operations of the wholly-owned subsidiaries, Polar Construction Company Limited, Vista Gardens Development Ltd., and D.D.L. Imports Ltd.

3. CONSTRUCTION CONTRACT REVENUE

The Company uses the completed contract method of recording revenue and costs on lump sum contracts. Under this method, revenues and costs are deferred until the project is approximately 85% complete, and costs to complete can be reasonably ascertained. Claims by or against owners, relating to adjustments arising out of contracts completed in prior years, are generally recorded in the year such claims or adjustments are resolved. The amount for such claims or adjustments recorded during the current year is not significant.

This method of accounting for income was retroactively changed from the percentage of completion method commencing with the fiscal period ended February 28, 1966. Construction contract revenue has been restated for the fiscal period ended February 28, 1966, to reflect the change in accounting policy by an increase in income after income taxes of \$17,000 with a corresponding decrease in the prior fiscal period.

4. INVESTMENT IN AND ADVANCES TO AFFILIATES

The Company owns 50% of two affiliates; Hi-View Estates Ltd. (Hi-View), and Dawnex Properties Ltd. (Dawnex).

At October 31, 1968, the investment in and advances to Hi-View were stated at cost. Accounting policy was changed at October 31, 1969, to reflect the investment and advances at underlying book value at April 30, 1969, Hi-View's fiscal year end. This change had no material effect on reported income.

The investment in and advances to Dawnex are reflected in the financial statements at underlying book value on October 31, 1969. Dawnex was incorporated on August 1, 1969, and has only recently commenced operations.

5. LEASEHOLD INTERESTS

During the year the Company sold, at cost, portions of its land held for development to a substantial Canadian lending institution. The land was then leased back for a term of 66 years at an annual gross rental of \$41,480 for the first 22 years, thereafter adjusted to give a fair rate of return on the then market values.

The actuarially computed present value of the rentals required to be paid under the leases has been capitalized as "Leasehold interests in land under development" and the corresponding liability set up as "Long-term lease obligations".

6. MORTGAGES AND AGREEMENTS FOR SALE

Mortgages (on income properties) and Agreements for Sale (in respect of land held for development) consist of the following:

	Current Portion	Non-Current Portion
Agreements for sale—		
9¼ % payable \$5,000 per month principal and interest	\$ * 76,000	\$ —
9% payable in annual installments of \$122,400 commencing December 31, 1970	*612,000	—
6% payable in annual installments of \$10,000 commencing September 4, 1970	*125,000	—
6% payable \$35,000 December 15, 1969, and \$30,000 December 15, 1970	35,000	30,000
Payable on or before December 31, 1969, without interest	140,000	—
7% payable on or before December 15, 1969	135,000	—
9% payable \$100,000 per annum commencing December 31, 1970	*800,000	—
8% payable on or before April 1, 1971	* 50,000	—
9½ % payable on or before April 15, 1970	91,642	—
8% payable on or before October 31, 1972	*257,440	—
Mortgages—		
8½ % mortgage advances on income property under construction	—	1,400,000
6⅞ % payable \$11,896 per month principal and interest to 2019	—	1,243,782
Total	<u>\$2,322,082</u>	<u>\$2,673,782</u>

*As land held for development is reflected in the financial statements as a current asset, the related Agreements for Sale are reflected as current liabilities.

7. DEPRECIATION

During the fiscal period ended October 31, 1968, the Company retroactively changed the depreciation rate on its income properties in accordance with revised estimates of expected useful lives of the properties.

Depreciation on income properties has been restated for the fiscal periods ended February 28, 1966 and 1967, and February 29, 1968, to reflect the change as follows:

Period Ended	Decrease in Depreciation	Increase in Income Taxes
February 28, 1966	\$ 276	\$ 189
February 28, 1967	22,691	11,346
February 29, 1968	16,246	8,466

8. ASSIGNMENT OF BOOK DEBTS

To secure its current borrowings from time to time, the Company has given to its bank a general assignment of its book accounts.

9. STOCK OPTIONS

The Company has a stock option plan under which options have been granted to certain directors, officers and employees of the Company as follows:

	Directors and Officers	Other Employees	Total
\$5.00 per share expiring December 31, 1973	7,500	3,500	11,000
\$7.00 per share expiring September 4, 1974	11,000	14,000	25,000
	<u>18,500</u>	<u>17,500</u>	<u>36,000</u>

The options granted are for a 5-year period but exercisable as to not more than 20% on a cumulative basis in each year by each optionee.

In addition to the shares under option as of December 12, 1969, the Company has reserved 14,000 shares for options which may be granted to employees in the future. It is the intention to grant these options at the then market prices.

10. CAPITALIZATION OF INTEREST AND REAL ESTATE TAXES

It is the Company's policy to include, as part of the cost of land, interest and real estate taxes which pertain to that land. Applicable interest during construction is added to income properties.

11. CONTINGENT LIABILITIES

The Company is contingently liable for the following:

- (a) Guarantee of the debts of an associated company in the amount of \$20,000.
- (b) Usual liabilities, indeterminate in amount, of contractors for the completion of contracts.
- (c) The Company has agreed to re-acquire all the issued shares and shareholders' loans of a real estate development company for a maximum price of \$282,221 and expenses incurred by the purchaser in the clearing of titles to land held by the said real estate development company, provided such titles can, on or before October 31, 1973, be cleared. Expenses incurred by the purchaser to October 31, 1969, are \$90,130.
- (d) First mortgages assumed by purchasers on property sales during the year, the balances assumed being \$2,500,000. The Company is liable to the mortgagor in the event of default to the extent that foreclosure proceeds are less than the mortgages.

12. PENSION PLAN

The Company instituted a pension plan on January 1, 1969. Substantially, all employees are eligible to join the plan after one year of service.

The pension expense to the Company approximated \$7,000 in 1969.

There is no unfunded past service pension costs at October 31, 1969.

13. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate remuneration paid by the Company and its subsidiaries, directly or indirectly, to the directors and senior officers of the Company for the year ended October 31, 1969, was \$142,132, and for the eight-month period ended October 31, 1968, was \$96,100.

14. ACCOUNTS RECEIVABLE

Accounts receivable consist of progress billings on construction contracts, and accounts receivable on sale of lots of \$2,593,401, of which \$35,071 is over 90 days; retentions on construction contracts of \$1,139,295; \$196,835 currently due from the affiliate company (Hi-View) on a construction contract; and a mortgage advance receivable from a lending institution of \$500,000 (received in cash on November 9).

